
**FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT**

AGENDA ITEM No. 15

DATE: September 28, 2011

TO: Fresno Local Agency Formation Commission

FROM: Jeff Witte, Executive Officer

SUBJECT: **Consider Adoption – Municipal Service Review and Sphere of Influence Update Prepared for the Big Creek, Bluffs, Caruthers, Easton, Laton, and Sierra Cedars Community Service Districts.**

Recommendations:

- A. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations, the Municipal Service Reviews and Sphere of Influence determinations under consideration are Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and Section 15320, "Changes in Organization of Local Agencies".
- B. Find that the Municipal Service Reviews and Sphere of Influence Updates prepared for each of the Community Service Districts are complete and satisfactory.
- C. Find that the written determinations within the Municipal Service Reviews and Sphere of Influence Updates satisfy State Law.
- D. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Reviews and Spheres of Influence Updates, adopt the Municipal Service Reviews prepared for these Community Service Districts, and update the Sphere of Influence for said Districts by reaffirming their current boundaries or approving the recommended changes.

Summary / Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review and update, as necessary, special district Spheres of Influence (SOIs) every five years. Prior to, or in conjunction with an agency's SOI update, LAFCo is required to conduct a *Municipal Service Review* (MSR) for each agency.

Municipal Service Reviews provide a comprehensive review of the services provided by a city or district and present recommendations with regard to the condition and adequacy of these services and whether or not modifications to a city or district's SOI are necessary. MSRs can be used as informational tools by LAFCo and local agencies in evaluating the efficiencies of current district operations and may suggest changes in order to better serve the public.

Sphere of Influence updates may involve an affirmation of the existing SOI boundaries or recommend modifications to the SOI boundaries. LAFCo is not required to initiate changes to an SOI based on findings and recommendations of the service review, although it does have the power to do so.

State law requires that the Commission adopt written MSR determinations for each of the following six criteria:

1. Growth and population projections for the affected area.
2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
3. Financial ability of agencies to provide services.
4. Status of, and opportunities for, shared facilities.
5. Accountability for community service needs, including governmental structure and operational efficiencies.
6. Any other matter related to effective or efficient service delivery, as required by commission policy.

As part of the SOI update, the Commission is required to consider the following four criteria and make appropriate determinations in relationship to each:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

Environmental Determination

The California Environmental Quality Act ("CEQA") requires that the Commission undertake and review an environmental analysis before granting approval of a project, as defined by CEQA. The MSRs are categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation section 15306), which states: "Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded." Indeed, these MSRs collect data for the purpose of evaluating municipal services provided by the agencies. There are no land use changes or environmental impacts created by such studies.

Furthermore, the MSRs qualify for a general exemption from environmental review based upon CEQA Regulation section 15061(b)(3), which states: "The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." Additionally, the SOI updates qualify for the same general exemption from environmental review based upon CEQA Regulation section 15061(b)(3).

There is no possibility that these MSR or SOI updates may have a significant effect on the environment because there is no land use changes associated with the documents. If the Commission approves and adopts the MSR and SOI updates and determines that the projects are exempt from CEQA, staff will prepare and file a notice of exemption with the County of Fresno, as required by CEQA Regulation section 15062.

Discussion / Summary of Determinations

Big Creek Community Service District encompasses approximately 29 acres and provides street lights, water, road maintenance, and snowplowing services to the 63 parcels in the Big Creek subdivision.

Bluffs Community Service District encompasses approximately 34 acres in northeast Fresno. They provide landscape maintenance and lighting services to the 53 parcels in the Bluffs subdivision.

Caruthers Community Service District encompasses approximately 361 acres and provides street lighting, water, sewer, storm drainage, recreation and park, and landscape maintenance services to the community of Caruthers.

Easton Community Service District encompasses approximately 701 acres and provides street lighting, storm drainage, recreation and park, and landscape maintenance services to the community of Easton.

Laton Community Service District encompasses approximately 500 acres and provides street lighting, water, sewer, solid waste, and fire protection services to the community of Laton.

Sierra Cedars Community Service District encompasses approximately 115 acres and provides water, snow removal, and road maintenance services to the community bounded by Bretz Mill Road, Black Oak Road, Hanging Branch, Saddleback Road, and Rockledge.

There does not appear to be a need nor are there any readily available opportunities to change the government structure. Consolidation would not appear to be practical due to the size and distance between the existing Districts.

LATON COMMUNITY SERVICE DISTRICT

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

**Report to the
Fresno Local Agency Formation Commission**

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September 2011

LATON COMMUNITY SERVICE DISTRICT

Street Lighting, Water, Sewer, and Fire Protection Services

Contact Information

Secretary: Joanne Rempp
Address: P.O. Box 447
Laton, CA 93242
Phone: (559) 923-4802

Management Information

Governing Body: Board of Directors
Board Members: Theresa Gonzalez Appointed 2011-Expires 2013
Carol J. Hall Appointed in Lieu of Election 2009-Expires 2013
Ann M. Stockton Appointed 2009-Expires 2013
Manuel M. Lopez Appointed 2008-Expires 2011
Isidro L. Sanchez Appointed 2009-Expires 2011
Board Meetings: Third Wednesday of every month
Staffing: Two full-time operations/maintenance staff, one part-time and one full-time clerical staff

Service Information

Empowered Services: Street lights, water, sewer, solid waste, fire protection
Services Provided: Street lights, water, sewer, solid waste, fire protection
Area Served: Community of Laton
Population Served: Up to 1,600 people, 461 connections
Acres Served: 500 Acres
Infrastructure: Wastewater collection and treatment system, groundwater wells and water distribution system

Fiscal Information

Budget: \$282,000
Sources of Funding: Utility fees, property taxes, connection fees
Rate Structure: Water usage: \$26.60, Sewer charge: \$39.00, Solid waste service: \$14.98, Street light charge: \$2.50

Administrative Policies

Master Plan: No
Boundary Updated: 1981
Policies/Procedures: No
SOI Updated: 2007
By-laws: No
Other: No

1. MUNICIPAL SERVICE REVIEW

Description of District

The Laton Community Service District (District), formed in 1981, is located in the south central portion of Fresno County adjacent to the Kings River. The District provides street lighting, solid waste pickup, fire protection, wastewater collection and treatment, and water supply and distribution to lands within the District's boundaries. Its boundaries contain about 500 acres and its Sphere of Influence about 516 acres, as shown on the enclosed map.

Services provided are within the District's powers as authorized in their enabling legislation, codified in Government Code 61000 - 61934.

Solid waste services are provided through a contract with Waste Management Inc., a private provider.

District Services and Background

The District currently has 461 connections for water and wastewater service, with 410 of the connections being for single family residential uses.

2. MSR DETERMINATIONS

This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews.

Growth and Population Projections

According to the 2000 US Census, the District has a population of 1,236. During the past ten years, the population in the Laton area has been growing at approximately one percent annually. District staff has noted no significant expected growth or significant population increases. The last major growth within the District consisted of 96 homes constructed in 1986. Current population growth is anticipated to remain at the current growth rate.

Laton is a rural community that is bounded to the north and east by Murphy Slough, and bounded to the south and east by the Kings River. Current land uses within the District are primarily low-density residential, with some medium density and medium-high density residential uses. Due to constraints of the physical land features, future growth is directed to the west of the District. Future growth to the west is anticipated to be residential and commercial, as commercial services are lacking within the community.

According to the District staff, the District has a population of 1,100 people except during harvest season for local agriculture, from August through September, when the population rises to 1,600 people.

A steady rate of growth and population increase is anticipated by the Laton Community Service District. The District is bounded on three sides by waterways, allowing growth to occur in the west of the District.

Present and planned capacity

The District currently owns and operates the wastewater collection and treatment system, which consists of sewer mains, pumps, and a treatment plant. The treatment plant is currently operating at approximately two-thirds of its design capacity and according to District staff, is expected to be able to serve anticipated growth. The current permitted treatment capacity is 200,000 gallons per day (gpd).

Additionally, the District currently owns and operates the groundwater wells and water distribution system. The water system is considered by District staff to be in good condition and able to handle the anticipated growth within the community.

The District currently has 461 connections for water and wastewater service, with 410 of the connections being for single family residential uses.

Other facilities include a District Office and firehouse, fire engines and equipment. The District did not provide information pertaining the District's street lighting infrastructure.

Additional groundwater wells needed for future development will be constructed on sites located within the new developments. The well sites will be determined as development occurs.

The District currently does not have any additional plans for infrastructure and facilities upgrade or expansion.

Financial Ability of Agencies to Provide Services

The primary source of financing for services is from utility fees charged to customers, property taxes, and connection fees. Financial statements from fiscal year (FY) 2004-05 were reviewed to determine the fiscal status, assess financial practices, and review pertinent management findings. The District receives most of its funding from rates charged per unit per month for water, wastewater and solid waste. Property taxes fund fire protection and street lighting services.

Staff was not able to obtain current financial information from either the District or the County Auditor. The FY 2004-05 audited financial statements of the District indicated that current assets were \$368,629, with current liabilities of \$82,236. Operating revenues from charges for services of \$301,120 combined with non-operating revenue of \$49,594 were less than total expenses of \$550,974, resulting in a decrease of net assets of \$200,260, of which \$123,530 was due to depreciation. Additional decrease in net assets was due to a reduction in aid from government agencies (from \$332,476 to \$945), a loss

of property tax revenues from the previous fiscal year (from \$73,106 to \$20,184), and decrease on sale of land (from \$15,000 to \$0), resulting in the decrease of non-operating revenues. The District had an increase in net assets of \$187,368 in FY 2004-05.

The District had \$305,805 in cash and cash investments as of June 30, 2005.

The District currently had outstanding debts in the form of a 1980 bond for water system improvements. On June 30, 2005, the District had \$40,500 remaining balance on the 30-year \$150,000 loan.

Status of, and Opportunities for, Shared Facilities

No additional opportunities for shared facilities have been identified.

Governmental Structure and Operational Efficiencies

California Government Code section 61000 - 61934 enables the formation of Community Service Districts to provide various services to the community. The District currently provides street lighting, fire protection, water, wastewater, and solid waste services. This district is an independent special district that has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors). The District is able to function under its current government structure. Transitioning the CSD to an alternative service provider, such as another district or other form of local government, would be unlikely to result in significant efficiencies. Additionally such a transition to an alternative government structure would be extremely difficult due to the cost, time, and administrative complexity. The existing structure of the District, a community services district, is sufficient to allow the District to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District that would affect the provision of services in the future. Therefore, a reorganization of the current government structure is not likely to significantly improve services. The current government structure is able to provide adequate service within district boundaries.

The District currently employs four personnel: two operations and maintenance, one field staff, and one office staff. The District utilizes volunteers to provide fire services and consultants as needed for legal, auditing, and engineering services.

A body of five officials elected by registered voters within the District serves as the Board governing the District. Members are elected to four year staggered terms. Board members are subject to recall by District voters through the recall procedures set forth in Chapter 2, Division 13 of the Elections Code.

Meetings are noticed consistent with Brown Act requirements, which include postings in the Hanford Sentinel newspaper and at Laton Auto Parts, Bogie's Auto Parts, Singleton Hardware, and the Los Primos Market. Meetings are held on the third Wednesday of each

month. There appears to be ample opportunities for public involvement and input at regularly scheduled meetings.

The District is regulated by the California State Water Resources Control Board, the California Regional Water Quality Control Board, the California Department of Health Services, and the State Fire Marshall.

3. SPHERE OF INFLUENCE REVIEW AND UPDATE

Government Code Section 56076 defines Sphere of Influence as “A plan for the probable physical boundaries and service area of a local agency, as determined by the commission.”

Description of Current Sphere of Influence

The District boundaries contain about 500 acres and its Sphere of Influence about 516 acres, as shown on the enclosed map.

Proposed Sphere Changes

This District sphere boundary was adopted in 1983 and re-affirmed in 2007. It is recommended that the Commission re-affirm the current sphere of influence.

Sphere of Influence Recommendation and Determinations

It is recommended the Commission approve the following determinations and re-affirm the Sphere of Influence.

1. Present and planned land uses in the area, including agriculture and open-space.

The primary land use within the District is rural residential. According to District staff, future land uses are expected to include residential and commercial uses in the west of the District.

2. Present and probable need for public facilities and services in the area.

Street lighting, solid waste, fire protection, water, and wastewater services are currently provided. The Laton CSD anticipates additional demands for services in the District’s west side. Additional wells will be constructed as needed. Other district facilities are able to serve anticipated growth.

3. Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.

Services provided by the Laton CSD are currently adequate for the current service demands. The wastewater treatment plant is currently operating at two-thirds capacity. Wells are currently estimated to be at capacity.

4. Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

The District serves the Community of Laton.

4. ACKNOWLEDGEMENTS & REFERENCES

This draft Municipal Service Review was prepared by Fresno LAFCo staff using information provided by the Laton Community Service District. Responsibility for any errors or omissions rests with those who provided information for the report.

5. RECOMMENDATIONS

In consideration of information gathered and evaluated during the Municipal Service Review it is recommended the Commission:

1. Accept public testimony regarding the proposed Municipal Service Review.
2. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.
3. Approve the Sphere of Influence determinations and re-affirm the current Sphere of Influence.
4. Develop and maintain a five year capital facility improvement plan.